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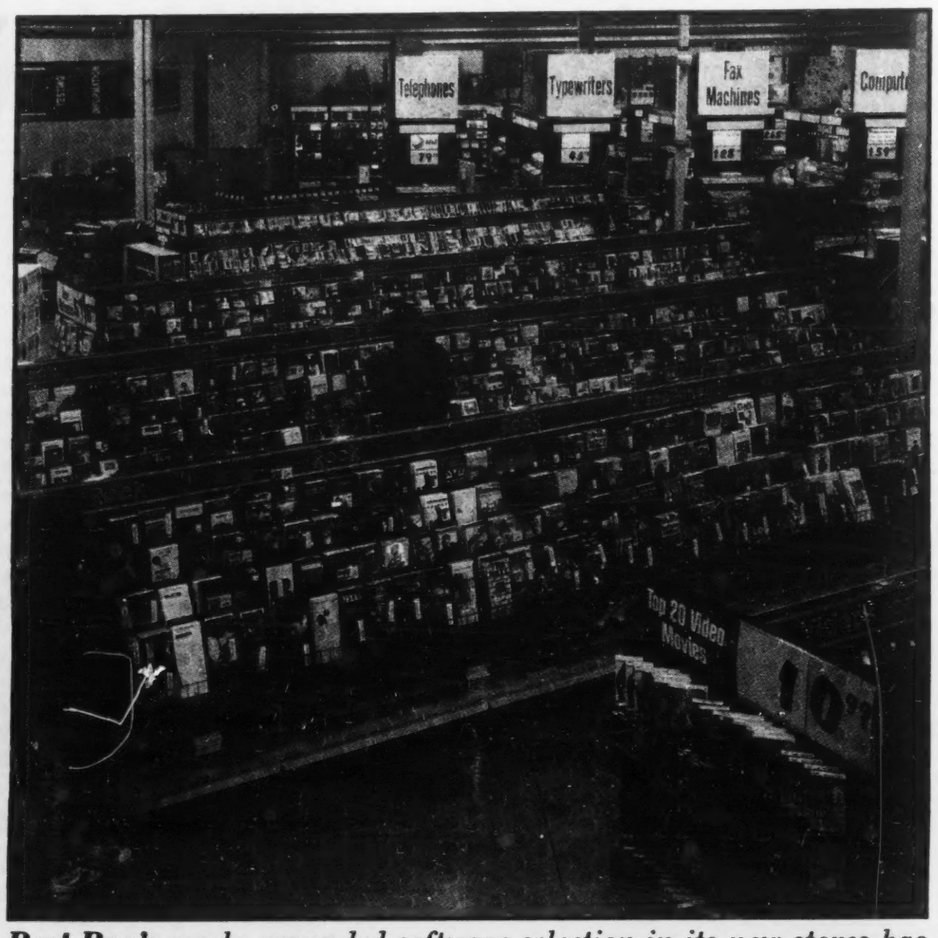
Expanded CES, Home Office Coverage—page 33

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

SECOND CLASS

VOL. 30, NO. 11 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $4 per copy | June 3, 1991



***Best Buy's** newly expanded software selection in its new stores has been a major growth area for the midwestern retailer.* (DSN photo)

Low Expenses Propel Best Buy Superstores

By Pete Hisey

MINNEAPOLIS — Brad Anderson, newly named president of Best Buy, the CE superstore chain, may have a tough act to follow. On the heels of his ascendance, the company also reported its strongest monthly results in years, with sales increases of some 40% chainwide in April, and comparable store increases of 16%.

That compares to a 4% same store decline at industry leader Circuit City, and flat or declining sales at other major chains. Additionally, one major competitor, Highland, has exited Best Buy's home Minneapolis metro market, setting Best Buy up for even further same store gains.

On the other hand, the effects of the recession are expected to linger into the summer. Other problems include the lack of truly exciting products since compact camcorders, rapidly declining price points and a consumer backlash against intrusive service, high-priced extended service contracts and out-of-stocks on heavily advertised goods has developed. According to Anderson, that backlash was a significant factor in the development of the chain's Concept 2 warehouse style stores.

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Kmart Takes Oak Park Look to New Heights

By Laura Liebeck

SAYVILLE, N.Y. — Kmart's newest store—and second Long Island unit—features a slew of new merchandising and technology concepts that take the Oak Park prototype design to a new level of productivity and service.

Like Kmart's standard Oak Park prototype, the new Sayville unit—which opened here last month—features wider aisles and a strong emphasis on power, lifestyle departments in a customer-friendly environment.

However, among the changes are improved merchandise adjacencies, dramatic high-tech features that enhance customer service, and a fine-tuned merchandise mix that eliminates a number of vendors from several product categories. In addition, several vendors were given space to design new display fixtures exclusively for Kmart.

The only new feature missing from the 104,000-square-foot store is a Little Caesar's Pizza restaurant, the result of a franchise deal completed after the store was built.

The Sayville store will be followed on Long Island by one in Levittown this month and another in Middle Island in August. Kmart anticipates having eight to 10 more Kmarts on Long Island within two years.

(Continued on page 68)

***Among the technological advances** at Kmart's recently opened Sayville, N.Y., store: Television monitors that are tuned into the Cable News Network above the checkout line.* (DSN photo)

Goldberger to Revamp Alexander's

NEW YORK — Alexander's, the 12-store discount chain based here, has named former Hills chairman Stephen Goldberger as its new president. The man he succeeds, Roger Barrer, has been promoted to vice chairman.

The move comes as Alexander's, one of the last of the urban discount chains, attempts to rededicate itself to state-of-the-art retailing. Goldberger noted that the chain's major weakness, apart from spending most of its management's time on the real estate business, is failure to follow through in key categories. For instance, Alexander's is strong in value-oriented leisure apparel, but carries almost no activewear, denim, athletic shoes or sports equipment.

Other areas Goldberger plans to beef up include toys, home furnishings, housewares and paperback books. Alexander's had been actively researching several of those markets. Destination category killers like Toys "R" Us have siphoned off substantial portions of Alexander's business in these higher margin areas. Additional areas that might be bulked up include luggage, appliances, RTA furniture and giftware, as well as seasonal departments.

(Continued on page 69)

Waccamaw Unveils New Home Decor Category Killer

By Mary Ellen Kelly

BIRMINGHAM, Ala. — Taking a radical step beyond its "pottery" stores and its last prototype, home decor superstore chain, Waccamaw Corp., debuted its store of the future last month in the Birmingham suburbs of Homewood and Irondale. New fixtures, logo, color scheme and layout were components of the revamp. In an exclusive interview with *DSN*, Waccamaw executives said that whole categories were jettisoned to make room for a more aggressive category killer approach to home decor.

Three other prototype stores are under construction in the Chicago market (77,000 square feet in Skokie; 85,000 square feet in Naperville and 100,000 square feet in Gurnee), scheduled to open one per month in July, August and September. The Homewood and Irondale stores are

(Continued on page 70)

MARKETWATCH

Apple to Sell PCs Through Discounter

CUPERTINO, Calif. — Apple Computer plans to start selling its lowest price personal computer this month through the nation's largest chain of discount computer stores, CompUSA. The move is a sign of the marketing upheaval underway in the PC field that is eventually expected to see other major PC brands appear in discounters like office supply superstores and membership warehouses (see story, page 54).

Court Denies Wal-Mart Injunction

WASHINGTON — Wal-Mart and the AFL-CIO's Food and Allied Service Trades (FAST) Department have reached an agreement under which the retailer will disclose its business transactions with Essick Air Products, a fan manufacturer that is owned by Walton Enterprises, the Walton family's holding company. Wal-Mart will issue a release noting the transaction and file information with the Securities and Exchange Commission. FAST had alleged in a lawsuit that Wal-Mart's original proxy statement failed to disclose material transactions between the retailer and Walton family members. Wal-Mart last month mailed out an updated proxy statement to 750,000 shareholders acknowledging over three dozen real estate transactions involving the company and Walton family members.

Kmart Gearing Up to Reduce Expenses

TROY, Mich. — Kmart is actively working on an expense reduction program. Company president Dick Miller is heading the group whose goal is to cut $250 million in expenses in the next 12 to 24 months.

OW Office Warehouse IPO Raises $22M

VIRGINIA BEACH, Va. — OW Office Warehouse has raised $22,916,000 from its initial public offering of 1.7 million shares—200,000 more shares than originally planned—at a net price of $13.48 a share. Another 300,000 shares were sold by venture capital investors in the company, who garnered a total of $4,040,000. The gross price to the public was $14.50 a share, but $1.02 a share, or a total of $2,040,000 went for underwriting discounts and commissions. The office supply discounter will use the proceeds to temporarily repay its revolving line of credit and finance continued expansion (see DSN, May 6, page 4).

Fred Meyer Opens New Store in Portland

PORTLAND, Ore. — Fred Meyer has opened here a new 186,000-square-foot unit to replace a store of 80,000 square feet. The chain has closed a net of five smaller and money-losing stores over the past 18 months, reducing store count to 120 from 125. Fred Meyer plans two more openings this year—Federal Way, Wash. and Fairbanks, Ak.

Target Wins Environmental Award

CHICAGO — Target has won one of five 1990 awards from the National Association of Professional Environmental Communicators for sponsoring Kids for Saving Earth, a club that encourages youngsters to work on environmental issues. Purpose of the awards is to recognize efforts that promote public understanding and discussion of environmental issues. In just one year under Target sponsorship, KSE has grown to 120,000 members in 3,600 clubs in 14 countries.

Best Products Reports Drop in Sales

RICHMOND, Va. — Cataloger Best Products, which is in Chapter 11, reported sales dropped 12.7% in the fiscal year ended Feb. 2 to $1.841 billion from $2.094 billion, while its net loss mushroomed to $332.968 million from $53.809 million. Gross margins last year declined to 25% from 27%, while selling, general and administrative expenses increased to 23.2% from 20.78%. The annual report noted that liabilities subject to bankruptcy settlement amounted to $1.362 billion and included $695.416 million in long-term debt, $337.425 million in merchandise accounts payable, $130.266 million in capital lease obligations and $116.751 million in short-term borrowings.

New Telephone, Fax Numbers for DSN

Discount Store News has a new telephone number: (212) 756-5100. *DSN's* new fax number is (212) 756-5125.

New Target Greatland Stores To Face Varied Competition

MINNEAPOLIS — Target's Greatland superstores will be facing a variety of discounter competition when it opens six stores in October in three markets.

A trio of Greatlands will be used to encircle Columbus, Ohio, while two new Greatlands will result in a similar ringing of Minneapolis, the market where the superstore was launched last fall. One Greatland will be unveiled in Springfield, Ill.

Target's initial Greatland on Route 42 in Minneapolis' Apple Valley suburb is across the road from a Kmart, while a traditional Target is a few miles down the highway. Apple Valley is south of the Twin Cities, and Target will ring the market by opening Greatlands in suburban Plymouth in the west and Shoreview in the north. The Plymouth store on County Route 9 is near a Holiday Plus and a Kmart, while the Shoreview unit on Lexington Avenue is near a strip center housing a Target and Marshalls.

A similar situation prevails in Columbus, where Greatland marks Target's debut in that market. There, the superstores will face the following:

- In the northwest suburb of Dublin, the Greatland at Sawmill Road and Tuller Parkway will face a Meijer hypermarket located across the street.
- The Greatland in the western suburb of Valleyview will be an anchor in the Consumer Square Mall, a discount center at West Broad Street and Wilson Road. Nearby competing discounters include Kmart, Harts and Meijer.
- Greatland in the eastern suburb of Brice on Brice Road will go against Scarborough Mall, a power center, along wth a nearby Meijer.

In Springfield, Greatland will debut in the western suburb of Jerome in a strip center that includes a Wal-Mart that opened this year.

McCrory Fire Kills 2, Destroys Store

HUNTINGTON, N.Y. — Two McCrory Stores' employees were killed in a fire last month that burned down the variety store located in the Walt Whitman Mall.

"We are most especially saddened by the loss of two valued employees, Wayne Mortak and Eileen Alyward, and by the magnitide of the fire," said Phillip Lux, McCrory's chairman.

Fire fighters from the Huntington Manor fire department responded to the first calls from the mall at 8:25 p.m. on May 16. Officials believe the fire started in an artificial flower display at the chain. The fire was termed suspicious and is currently under investigation by the Suffolk Police Arson Squad.

Lux confirmed reports that there had been other instances where a "suspicious" fire had been reported at that same store, but noted that each previous report had been investigated and "none of them were connected."

The McCrory store was totally devastated, according to officials.

Both Macy's and A&S reopened May 19. As of May 22, 30% of the mall was back in business. Lux said the company did plan to reopen the store, but did not yet have a time frame for rebuilding it.

SPARC to Honor Top Performers

CHICAGO — Who will be Discounter of the Year?

David Glass of Wal-Mart? Monroe Milstein of Burlington Coat Factory? Thomas Stemberg of Staples? Jim Sinegal of Costco? Bernard Brennan of Montgomery Ward? Don Clarke of Caldor?

And, which discount industry pioneer will be inducted into *DSN's* Discounting Hall of Fame?

Who will be Vendor of the Year?

For the answer to these questions, be sure to circle Sunday, Aug. 11, on your calendar. That's the date of the 14th annual SPARC (Supplier Performance Awards by Retail Category) Banquet, where the discount industry honors its top retail and supplier performers. First, second and third place vendor winners in 19 product categories will also be honored at the event, which takes place at Chicago's Downtown Marriott, beginning at 6:15 p.m.

For full list of supplier winners, see page 9. Further info: call John Failla, 212-756-5103.

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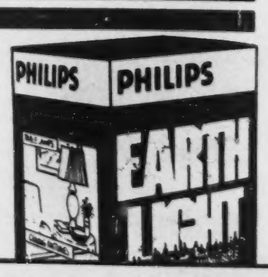

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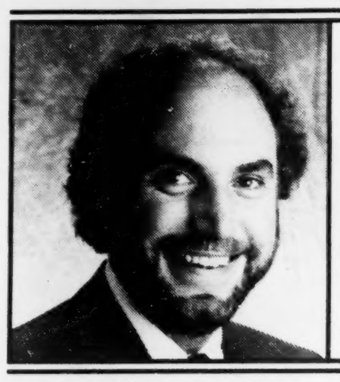
EDITORIAL

When Harry Met Sam . . .

When Harry Cunningham met Sam Walton a few weeks ago in Dallas at IMRA's gala tribute to Sam and his wife Helen, it was a memorable moment in the history of discount retailing.

These two pioneers of discounting and members of *DSN*'s Hall of Fame have been tough competitors for four decades. But have you ever wondered what Harry would say to Sam or what Sam would say to Harry? Their conversation might have gone something like this . . .



TONY LISANTI
Editor

Sam: Hello, Harry.

Harry: Sam, it's been a long, long time. How are you, and the family? How's business? So what you do think about discount retailing today? Do you think it has changed much since you and I started out?

Sam: Well, Harry, you know everyone is fine, thanks for asking. But, Harry you know we're just not as good as we oughta be. We could be a lot better.

Harry: What do you mean, Sam. You guys are doing great.

Sam: We may have passed Kmart in sales for the discount stores, but it's going to take everything we got to keep pace. Harry, I'm concerned about the future.

Harry: Yes, the challenges of the '90s are far greater than what we faced in the '60s and '70s.

Sam: That new Kmart prototype is one heck of a store. It's got us thinking and we're just gonna have to do what we do even better in order to remain competitive. Technology is revolutionizing the business beyond our comprehension. Imagine video kiosks and TV monitors in our stores.

Harry: Yes, retailing has become so sophisticated. Remember when we started, Sam, we just stacked the merchandise on tables and kept track of things by memory? Now everything is controlled by computers.

Sam: Those really were the good old days, huh, Harry. It does seem like operating a store was easier in the '60s. But Harry you made us all better. We learned as much from Kmart as from anyone.

Harry: Maybe so, Sam. But our successors must press on to find ways to improve. They must also remember that the very basics of retailing haven't changed.

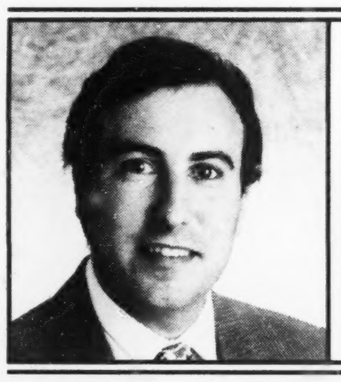
Sam: Absolutely. We must experiment; try new things like we used to do everyday, Harry. We must look for ways to better serve our customers. And we must continue to develop our people; teach them to be the best merchants possible.

BUYERS & SELLERS

IMRA: A Clearer Vision For The Future

Last month's decidedly upbeat International Mass Retail Association convention in Dallas featured a panel discussion on "Innovative Customer Service Techniques." Customer service is a crucial issue and a potential point of differentiation for discount retailers as they attempt to carve profitable niches for themselves in the '90s.

However, the real significance of this session was found in the participation of The Home Depot's training director, Steve Register, on the panel. The Home Depot is the country's leading mass retailer of home improvement specialty products and a perfect example of the type of retail organization that IMRA must attract to its membership for the trade association to remain a strong voice and proponent of discount industry concerns.



DON LONGO
Exec Editor

In fact, last month's convention represented a turning point in the organization. Under the guidance of its enthusiastic new chairman Warren White of Clover and new president Bob Verdisco, IMRA appears to have a clearer vision of what it needs to do to more fully represent the broad spectrum of off-price retailing.

Specialty mass merchants cut across several different product categories, but they have much in common with one another, and with full-line discount stores. The appearance in Dallas of new members and first time attendees, such as home improvement specialists The Home Depot, Channel Home Centers, Pay 'N Pac, and Payless Cashways, office supply superstores like BizMart, and hypermarket operators like Smitty's show that White and the IMRA staff are making headway in this area. Their success with these few specialty retailers suggests that future IMRA conventions will attract retailers like Lowe's Cos., Hechinger, HomeClub, Staples, Office Depot, Best Buy, Circuit City, Toys 'R' Us, Marshalls, T.J. Maxx, Clothestime and dozens of others.

The 1991 IMRA convention was a rebirth of sorts for the organization. Retail and manufacturer members have united behind the rallying cry of "partnership." Under its new leadership, the future is bright for IMRA, and for the discount mass retail industry.

TAKING STOCK

Sears' 1990 Results Don't Make The Grade

It's report card time for the Sears Merchandising Group.

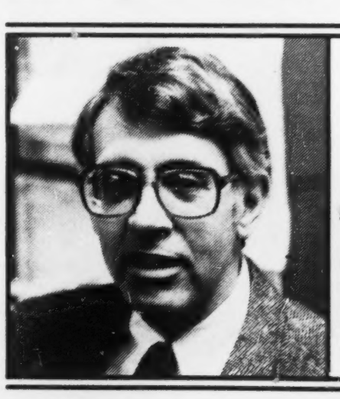
Simply put, the merchandising group turned in a poor performance last year.

Sears, overall, had a difficult 1990, with only the Dean Witter financial services division reporting sterling results. The bottom lines of the Allstate insurance and Coldwell Banker realty operations, while much better than that of the merchandising group, failed to match their 1989 performances.

The merchandising group's results reflected the poor sales and operating performance of the division's core operation, the full-line Sears stores in the United States.

The most dramatic result was Sears plunge to third place in sales among full-line U.S. retailers: Sears' $19.4 billion volume trailing Wal-Mart's $26 billion and Kmart's $24.5 billion. Sears overall and same store sales were down slightly from 1989, while the other two retailers showed gains in both areas.

The operational picture was just as poor. Sears full-line stores accounted for 77.5% of the merchandising group's overall $25.1 billion in U.S. sales. This was a 0.3 percentage point drop from the 77.8% share in 1989. The catalog share declined 0.4 percentage points to 15.3%, while only the specialty stores arm—Western Auto, Pinstripes Petites, etc.—showed an 0.7 percentage point gain to 7.2%.



ARTHUR MARKOWITZ
Senior Editor

Sears last year made a big point about cutting expenses—the aim being to come closer to the sharply lower costs of Wal-Mart and Kmart. But the impact of such moves as freezing salaries and cutting payroll wasn't that evident. While costs for the full-line Sears can't be isolated, sales, buying and occupancy expenses for the merchandising group as a whole went up 0.7 percentage points to 69.2%, while selling and administrative costs increased one full percentage point to 30.3%.

On the plus side: Despite the turbulent economy, Sears stabilized its merchandising operation in 1990. This year's challenge is to start to reap the benefits of its cost-cutting efforts.

The final grade for Sears merchandising group: C+ for performance, with expectations for a better mark this year.

Discount Store News®

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-756-5100
Subscription Services:
813-664-6707
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Shedding New Light on Bulbs

Compact Fluorescents Promise Both Long-Term Cost and Energy Savings

By Richard C. Halverson
Nationwide DSN Report

Energy-saving light bulbs have become the object of an environmental marketing thrust that could reflect renewed retailer profitability for the traffic builder category.

General Electric, Philips and GTE/Sylvania have introduced to the residential market compact fluorescent bulbs that promise consumers they will save as much as $57 worth of electricity over their 10,000 hour lifetimes because they burn up to 75% less electricity than the soft white incandescent bulbs they replace.

In the bargain, switching to compact fluorescents would avoid the air pollution that stems from generating the electricity that isn't burned.

But the industry faces serious marketing challenges before it can expect consumers to switch in large numbers from the 1.7 billion incandescent bulbs they buy a year. First is the cost: $13 to $20 for a bulb that produces about the light output of a 75-watt soft white that sells for 44 cents.

Furthermore, many compacts won't fit existing lamps because of their length, up to 7 3/16 inches, and fatter diameters. Moreover, the brightest compacts produce approximately the light of a 75-watt, soft white incandescent bulb.

GE plans to introduce this fall, however, a 26-watt compact that will equal the light output of a 90-watt bulb, said Jay Pomeroy, manager of marketing communications.

To work around the height problem, one of the GE compacts, dubbed the Circlite, uses a round fluorescent tube.

And residential customers won't see much of a dent in their monthly electricity bills by switching to compacts, because the payback of promised electricity savings would be spread over eight to 10 years, the service life of a compact. Residential customers now pay an average electricity bill of $63 a month, the Edison Electric Institute calculates, but only 5% of that, or $3.17, goes for lighting.

Following a poor test of compacts, Kmart is waiting for industry promotions to make a case with the public for compacts before it orders, although Wal-Mart and Target both have rolled them out and a number of regional discounters carry them.

Utilities are the primary spear carriers for compacts because they want customers to curb electricity use so they can avoid the cost of building more power plants. Utilities around the country are promoting compacts through large rebates, sharply discounted sales and even leases.

"Utilities are seeding the market for us," said Gregg DeSilvio, marketing manager of consumer products for Philips. "Once consumers try them, they'll want to switch every socket in the house."

Also, the Environmental Protection Agency is planning to get behind compacts by extending its Green Lights program, now limited to manufacturing and commercial lighting customers, to residential users. Green Lights gets customers to pledge to switch to energy-efficient lighting systems.

The EPA is developing a program with unnamed discounters to encourage customers at point of purchase to switch to compacts, said John Hoffman, Green Lights director.

By 1995, compact fluorescents could account for 25% of residential light bulb use, Hoffman predicted, but light fixture manufacturers first would have to redesign lamps and fixtures to include a built-in ballast, the fluorescent starting unit.

Compacts now include a screw-in ballast and bulb combination, making them too large for many fixtures.

Prices will come down as sales volume increases, Hoffman predicted.

Consumers will buy 5.7 million this year, GE Lighting predicts, with commercial and industrial (C&I) customers, which have had compacts available for a number of years, buying 27.7 million more. In 1996, residential customers will buy 11 million compacts and C&I users 50 million more.

In addition to introducing compacts to the residential market, GE and Sylvania have repackaged their reduced-wattage incandescent light bulbs developed for the C&I market in environmental green packaging for residential customers—at substantially higher retails—than conventional soft whites.

GE named its family of reduced-wattage and compact fluorescent bulbs Energy Choice, while Sylvania named its reduced wattage bulbs Energy Saver.

Philips repackaged its compact fluorescent, which has been available for several years to the C&I market, and introduced it last August to residential customers as Earth Light. Philips also produces a line of reduced wattage incandescents for the C&I market, but isn't

(Continued on page 62)

Compact Fluorescent Mass Merchant Offerings

Vendor	Wattage	Replaces	Light Output in Lumens	Service Life in Hours	Approx. Retail
Sylvania	18 watts	75 watts	1,100	10,000	$20
Philips	18	75	1,100	10,000	20
General Electric	27[1]	75	1,200	10,000	13
	15	52	700	9,000	14
	15	52	700	9,000	14
	9[2]	40	570	10,000	16

[1]Replaceable, 8-inch circular bulb, reusable ballast
[2]Replaceable twin-tube bulb, reusable ballast

***Sylvania's** 18-watt soft white compact fluorescent lamp is part of the company's new Energy Saver line.*

MARKETWATCH

Auto Aftermarket Topic of Confab

NEW YORK — Frost & Sullivan has set a two-day conference on "The Impact of Technology on the Automotive Aftermarket." It will be held Aug. 1 to 2 at the Westin Hotel, Denver. For information, call (212) 233-1080, or Fax (212) 619-0831.

Northern Auto Scraps Crown

PHOENIX — Northern Automotive is scrapping the remnants of the Crown Auto chain it acquired for $8 million in 1988, selling 17 more units to Champion Auto, New Hope, Minn., on top of 11 last year, and closing the remaining 20. When acquired, Crown operated 57 units, indicating Northern previously closed nine Crown Auto stores. The failure of Crown slashes Northern's store count to about 845 from a 1989 high of 880.

Basketball Gains In Popularity

NORTH PALM BEACH, Fla. — Basketball has become the most popular team sport among amateur athletes, with the number of players rising by 5.2% to 37.6 million from 1987 to 1989. A survey of the Sporting Goods Manufacturers Association also found that the number of those who play every week rose even faster, 16.9% to 7.6 million.

Kmart Snags New Ecology Program

WASHINGTON — Kmart has donated $1,500 to Fish-America Foundation to rehabilitate a Tennessee trout stream damaged by logging and road building. The company pegs such environmental donations to the number of junk car batteries that customers bring in for recycling. Kmart was paying $2, now cut to $1, for every lead-acid battery brought in and donates an unspecified amount per battery for environmental programs.

Children's Safety First at Bradlees

BRAINTREE, Mass. — In the interest of child safety, Bradlees has put safety belts in all 28,000 shopping carts in its stores. Falls from shopping carts sent 16,962 kids under the age of five to emergency rooms in 1990, and serious injuries from such tumbles rose 165% over the past 10 years.

ADAP, Vendors Set to Hold Car Care Carnival

AVON, Mass. — In a joint effort with its vendors, American Discount Auto Parts, (ADAP), a unit of Rite Aid, will hold a Car Care Carnival June 15 to 16 in Boston's Bayside Exposition Center. The carnival is scheduled to feature 125 vendor booths demonstrating products and DIY techniques, an exhibition of race cars and drivers, a muscle car competition offering $6,000 in prizes and a $50,000 giveaway.

HARD LINES

Shedding Light on Compact Fluorescent Bulbs

(Continued from page 61)

repacking it for consumers as a green product.

A number of mass merchants are stocking the Philips Earth Light, including Ann & Hope, Carrefour, The Fair Co., Pamida, Van Leunens and Jack's Discount Stores. Philadelphia-based Carrefour, the French-owned hypermarket, for example, carries it at $12.99.

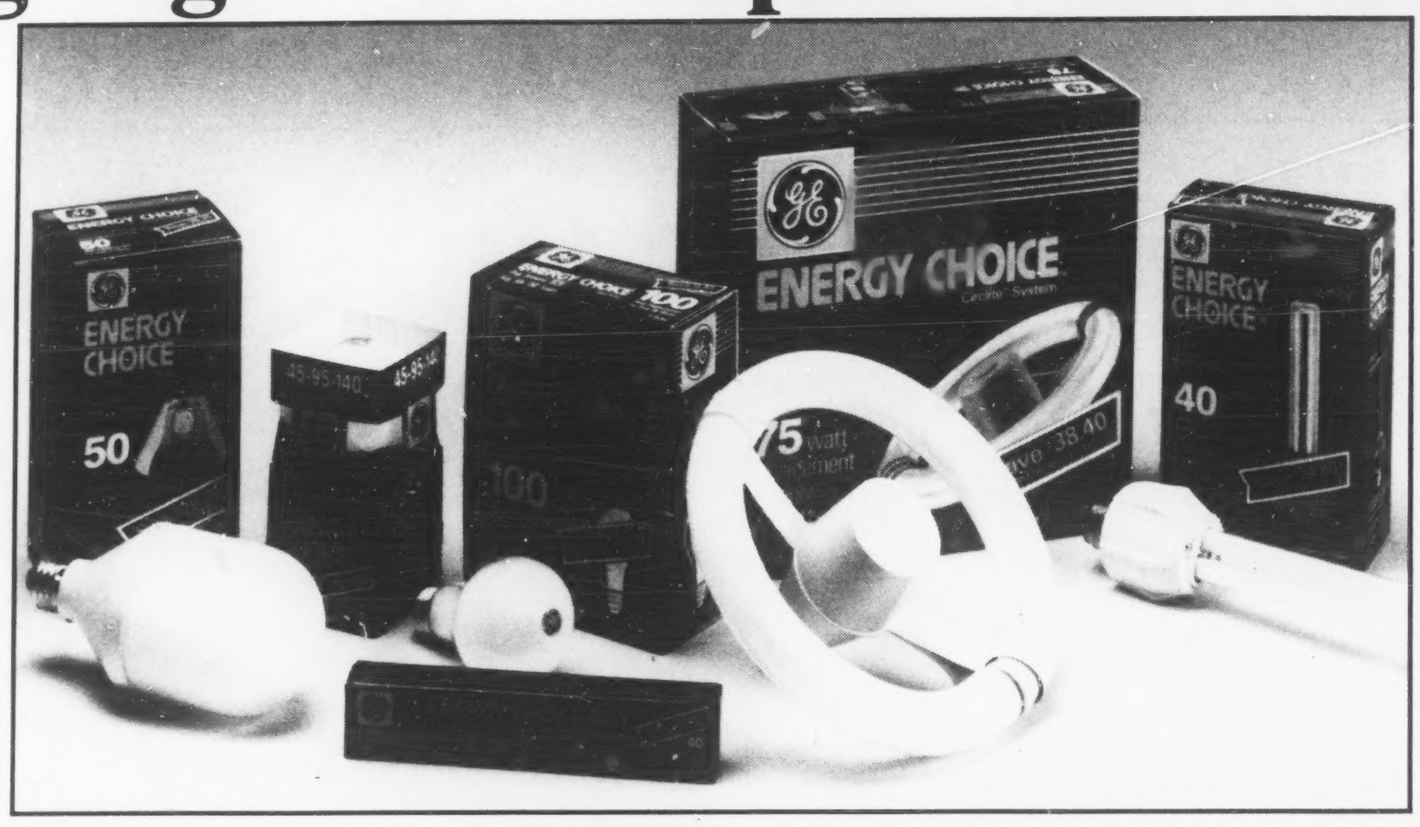
Within two or three years, reduced wattage incandescents will capture 8% to 10% of the 1.7 billion unit market, with a 1990 wholesale value of $760 million, Pomeroy predicted.

To promote its Energy Saver A-line bulbs, Sylvania plans a $3.5 million coupon and mail-in rebate program during the second half. Two coupon offers in newspaper inserts in October and December will include coupons worth 30 cents and 40 cents off at the register, said Robert Brands, marketing manager for consumer products.

In addition, Sylvania plans a $1 mail-in rebate campaign for A-lines.

Sylvania intends no promotions for compacts because it already is selling all it can produce, Brands said. One of the first discounter customers for Sylvania, which starts shipping in late June, is Drug Emporium, a deep drug discounter that will carry them at $18.99.

GE kicked off a $4 million TV advertising campaign earlier this month and offered a 55 cent coupon good for either A-lines or compacts in a *USA Today* ad that ran on Earth Day, April 22.



***GE Lighting's** lower-wattage Energy Choice bulbs are available in incandescent and fluorescent varieties.*

Following a disappointing test of compacts, Kmart is waiting for vendor promotions to educate consumers about their advantages, buyer Bob Schanbacher said.

But as of April 1, Kmart took on GE's Energy Choice line of incandescent A-line bulbs and put them on ad at two four-paks for $5. That compares with loss leader prices of $1.75 for soft white.

Energy Choice A-lines will settle down at $3.15 to $3.30 per four-paks, Schanbacher said.

The wattages are 52, 67 and 90, instead of the conventional 60, 75 and 100, and they produce about 8% to 10% less light than soft white bulbs.

Wal-Mart this March rolled out GE's entire 9-sku family of Energy Choice: three A-line, 3-ways and five compact fluorescents, including a replacement bulb, and reduced facings of standard bulbs to make room.

And Target has taken on the 3-sku's of Energy Choice A-line and three compact fluorescents, dropping the Lights of America compact fluorescent, (carried at $7.99), said spokeswoman Gail Dorn.

Last year, Target expanded its light bulb planogram to accommodate the energy efficient bulbs and hasn't reduced facings of conventional soft white.

Even though Target's compact retails range from $9.95 to $14.95, Energy Choice compact fluorescent sales are doing better than Energy Choice incandescents, Dorn said.

Energy Choice A-line bulbs retail at Target for $3.29 per four-pak, compared to $1.99 for soft white bulbs.

In a typical utility promotion for compacts, Southern California Edison is offering $5 rebates for purchases of GE, Sylvania, Philips and a number of imported compacts. A bill stuffer making the offer directs customers to various hardware, home center and discount outlets, including Target, Price Club, Costco and Pace.

In New York, Consolidated Edison has purchased several hundred thousand compacts from Philips, Panasonic and Osram (Siemens, Germany) for resale to its customers at give-away prices, such as $4 for a Philips Earth Light that retails for $13 to $20.

The Municipal Lighting Plant in Taunton, Mass. takes yet a third approach, leasing the Philips Earth Light to residential customers for 20 cents a month.

Differing technological approaches to compacts has led to a two-tier pricing structure.

Philips and Sylvania, for their 18-watt units, use a new electronic ballast that is lighter weight, eliminates flickering and lights up faster—but also costs more.

GE uses the older magnetic core ballast that is cheaper—though heavier.

Whatever the type of ballast, their bulk means compacts won't fit many existing lamps, although some can be modified by installing a longer harp, whichs holds on the shade.

To reduce size, compact designers doubled over tiny fluorescent tubes in either a twin-tube or a quad-tube configuration. Even so, a Philips Earth Light measures 7 3/16 inches tall and the Sylvania compact measures 6 3/4 inches. Osram folds its tube three times to make a shorter compact.

The ballast is the major cost of a compact fluorescent and must be thrown away when the bulb burns out on most of the units on the market.

Once lighting fixture manufacturers produce lamps with built-in ballasts, consumers could change just the bulbs themselves and save.

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HARD LINES/ Manufacturer News

NEW YORK — **Pro Set Inc.**, a trading card manufacturer, just issued Pro Set Super Stars MusicCards, the first-ever multi-artist series of music trading cards. The line consists of 260 cards in a variety of musical categories. Each package has 10 cards and retails for 50 cents to 69 cents.

NEW YORK — **GV Inc.** has introduced "A Happy Baseball Birthday," a high quality audio cassette with a two-minute birthday greeting from a top baseball star. The program also includes a special collectible photo/birthday card with a facsimile of the player's autograph. The packages are licensed by Major League Baseball and carry a suggested retail price of $8.50.

SIDNEY, N.Y. — **Keith Clark**, a stationery products manufacturer, said that in the fall it will open The Dorothy and Lewis B. Cullman Child Development Center, a child care facility to service the Sidney community and employees of Keith Clark. The not-for-profit center will accommodate up to 100 infants and children.

The facility is being built largely with a $500,000 contribution by Lewis Cullman, principal owner of Keith Clark, according to Douglas B. Willies, president of Keith Clark.

Waccamaw Unveils Home Decor Category Killer

(Continued from page 1)
85,000 square feet, and 66,000 square feet, respectively. Various sizes are being tested due to population differences in these communities and to see which sizes will be the best for future locations.

John L. Cote' Jr., president and chief operating officer said the prototype is 40% more expensive to build than older stores, but average transactions during the opening week were already 40% above first week figures at the previous prototype stores.

When mature, these stores are expected to generate $200 per square foot, said Cote', despite the reduced dollars per square foot of inventory. "We are determined to be the premier housewares and home decor store in the country," he noted, surveying the Homewood store.

Future plans include retrofitting existing stores that share the market with a prototype. For instance, the Rolling Meadows store will be retrofitted when other Chicago area prototypes are opened. The 26-unit chain also began testing what management is calling a "semi-automatic" replenishment system in May.

Marilyn Gill, senior vice president of merchandising, said "We're not abandoning the pottery stores [roughly 200,000 square foot outlet/tourist locations]. They will receive most of the new merchandise," but the pottery stores do not lend themselves to many of the other prototype elements.

The new Waccamaws don a turquoise and peach color scheme. Wide aisles and white, warehouse-style ceilings provide an airy, uncluttered shopping experience. The predominantly white fixturing varies from category to category—designed to give each product its best presentation—but maintains a cohesive appearance in overall store design.

***Waccamaw Corp. execs** (l. to r.) Andrew J. Owczarek, retail operations; Marilyn Gill, sr. vp., merchandising; John Cote' Jr., president and chief operating officer.*

Changes to the format also allowed for a 50% decrease in stockroom space, while increasing the actual number of stockrooms; three small stockrooms are positioned to enable more efficient stocking.

Service buttons in each department are new to the prototype as part of a renewed emphasis on service. Special services stations are strategically placed throughout the store including a cooking demonstration area near the store entrance and the chain's new Waccamaw River Cafe; custom floral counter with the expanded, 5,000 square foot artificial floral and tree department; personalized glassware stenciling in the tableware area; and monogramming station with bed and bath. Gift wrapping is available now, and bridal registry is likely to be added by fall.

An overall trade up to higher-end goods like Frugal Gourmet gadgets, Cuisinart cookware, Retroneau flatware and Dakota bedding were apparent in all categories. Attention was given to organizing merchandise and department adjacencies to make the store easier to shop. No longer are Waccamaw departments created by vendor or product material. For instance, there is no longer flatware in an Oneida department and flatware in a Pfaltzgraff department. Also, brass planters are no longer with other brass merchandise, but are stocked in the floral department.

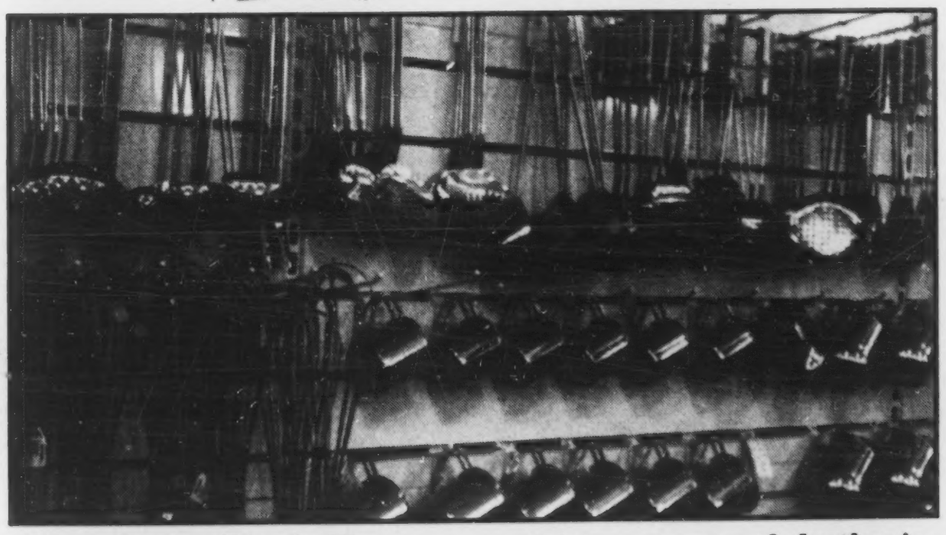
Departments that were eliminated included toys, luggage and tools. Some departments that were reduced in size are actually doing more business due to improved presentation and less clutter. Brass, for instance, has about one-third the footage it had in older stores but is showing higher sales.

Expanded categories include crafts, wicker, bedding and window decor. For instance, the bedding department now offers 57 patterns of bed spreads and comforters, most of which are new to the chain. Forty display beds line the department. Last August Waccamaw began testing juvenile bedding; now 10 juvenile bedding patterns are available in the prototype and Waccamaw is matching with bath towels, when possible. Overall, the bed and bath area now has double its previous space.

Other items were sold in older stores, but were significantly beefed up to become power departments such as lamps, closet organizers and furniture. Rugs, which had been tested last year has blossomed into a department 10 times bigger than in any other Waccamaw reaching to $300 price points.

Category adjustments in gadgets, bath accessories and furniture are scheduled, said Andrew Owczarek, retail operations. All of the executives agreed that any changes in assortment will clearly mean reaching to even higher price points and quality. "We sold out on a $70 shower curtain during opening week," said Gill. "To me, that says a lot."

The new Waccamaw store has some new merchandising minds as well. Leonora Shea is the new divisional merchandise manager of tabletop and housewares and Barbara Jones is the new dmm of domestics and crafts. Shea's background includes Smitty's and Maison Blanc. Jones had worked with Carson Pirie Scott and other retail operations.



***The gadget wall** in the Waccamaw prototype was upgraded; other improvements to the category are expected in Chicago stores.* (DSN photos)

DISCOUNT STORE NEWS

(ISSN 0012-3587), is published biweekly—every other Monday—23 times a year except issues of May 6, July 8, Sept. 23 and Dec. 10, which are published every third week; monthly in December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscriptions are available at no charge to qualified retailers and wholesalers. Paid subscriptions are available to manufacturers and their reps, schools, libraries, govt. agencies and all others—one year, $79; Canada: one year, $85; Foreign subscriptions-Airmail only: $175 (U.S.$ only). Single copy rate $4, except annual census issues $35 ea.

Second-class circulation postage paid at New York, N.Y., and additional mailing offices.

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Vol. 30, No. 11 June 3, 1991

Chicago Avenue: A Family Affair

(Continued from page 3)
up; it doesn't matter how much I could get for the merchandise." The store averages gross margins of 30% to 32%.

Income before taxes in 1990 was $1.3 million on sales of $4.2 million. The previous year pretax income was $64,000 on sales of just under $3 million.

While talking with Friedman at the store, he alternated between greeting hispanic and other ethnic customers in their native language, helping a man find the right-sized shoes, marking down and even giving away merchandise that he "knew wouldn't move at that price any more," answering questions asked by *DSN*, signing for deliveries and helping cashiers. Unlike Friedman, his partner was too "busy" and just waved.

The shelves stock footwear brands like L.A. Geer, Reebok and Oshkosh. Dump displays of children's shorts were crowded by women with one child at their side and another on the way. Younger women were rifling through racks of blouses and skirts.

While apparel is clearly the largest category in the store, the men follow instinct and experience when it comes to other brands and categories. Ethnic health and beauty aids is another large category for Chicago Avenue. The 30 feet of space is bought by Putyra's son, Robert. The vast majority of merchandise is closeout, except for infants' clothing, bottles and the like which even the most budget-conscious shopper will shy away from if it is irregular, Friedman said.

While the rest of the discount retail community is stocking higher and higher to get that stocked-to-the-gills look, Chicago Avenue is putting stock bins lower. Yellow and black signs remind customers to look down for bargains.

Retailing is clearly in the family blood. Friedman's son, Joel, who works with Chicago Avenue, is also a regional manager with Primerica Financial Services.

***Chicago Avenue:** Bargains on new name brand goods in a down-and-dirty environment.* (DSN photo)

Clothestime Opens Trend Club

(Continued from page 3)
While the Clothestime and Trend Club at Sawgrass Mills are only 900 feet apart, Dake said that April sales showed no adverse impact on either concept. "There was no significant loss at Clothestime once the second store opened and sales remained on par with other Clothestime stores," he said.

The off-price chain was founded in 1974 and has been struggling in recent years, but its latest sales figures show increases in both total sales and comparable store sales.

Sales for the first three months of 1991 were $56.8 million, a 21% increase compared with $46.8 million for the same period last year. Comparable store sales for the first three months of 1991 increased 7%.

"Not every outlet center created will work for us," Dake said. "However, there are some very successful outlet centers operating that we hope to be a part of."